SIF IMOBILIARE PLC

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2018

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BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:	Administrare Imobilliare SA Chrystalla Mina Androulla Siaxiate
Company Secretary:	Romanos Secretarial Limited 30 Karpenisiou Street CY-1077, Nicosia, Cyprus
Independent Auditors:	Evoserve Auditors Limited Certified Public Accountants and Registered Auditors 7 Andrea Papakosta, 1037 1510, Nicosia, Cyprus
Registered office:	30 Karpenisiou Street CY-1077, Nicosia, Cyprus
Registration number:	HE323682

MANAGEMENT REPORT

The Board of Directors presents its report and audited consolidated financial statements of SIF IMOBILIARE PLC (the "Company") and its subsidiaries (together, the "Group") for the year ended 31 December 2018.

Principal activities and nature of operations of the Group
The principal activities of the Group, which are unchanged from last year, is the ownership, exploitation, management and trading of real estate property located in Romania.

The consolidated results of the Group for the year ended 31 December 2018 include the subsidiary companies of the Company that are property owners, all incorporated in Romania, that is:

1. COMALIM SA
2. SIFI BH EST SA
3. SIFI CLUJ RETAIL SA
4. SIFI CJ LOGISTIC SA
5. SIFI CJ AGRO SA
6. SIFI CJ STORAGE SA
7. UNITEH SA
8. ADMINISTRARE IMOBILIARE SA
9. SIFI BH IND VEST SA
10. BISTRITA CLUJ SA
11. SIFI CJ OFFICE SA
12. CORA SA
13. SIFI BAIA MARE SA
14. SIFI SIGHET SA
15. SIFI TM AGRO SA
16. SIFI B ONE SA
17. SIFI BH RETAIL SA
18. SIFI PROPERTIES SA

Out of 18 subsidiary companies mentioned above, 5 are currently listed on Bucharest Stock Exchange on Bucharest Stock Exchange's AeRO market: Comalim SA, SIFI Cluj Retail SA, SIFI CJ Logistic SA, SIFI CJ Storage SA and Uniteh SA.

Review of current position, future developments and performance of the Group's business
The Group's development to date, financial results and position as presented in the consolidated financial statements are considered satisfactory.

Results
The Group's results for the year are set out on page 9.

Dividends
The Board of Directors does not recommend the payment of a dividend and the net profit for the year is retained.

Share capital
There were no changes in the share capital of the Company during the year under review.

Board of Directors
The members of the Group's Board of Directors as at 31 December 2018 and at the date of this report are presented on page 1. All of them were members of the Board of Directors throughout the year ended 31 December 2018.

In accordance with the Company's Articles of Association all Directors presently members of the Board continue in office.

There were no significant changes in the assignment of responsibilities and remuneration of the Board of Directors.

Events after the reporting period
Any significant events that occurred after the end of the reporting period are described in note 28 to the consolidated financial statements.

Independent Auditors
The Independent Auditors, Evoserve Auditors Limited, have expressed their willingness to continue in office and a resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the Board of Directors,

Administrare Imobilliare SA
Director

Nicosia, 3 April 2019

Independent Auditor's Report

To the Members of SIF Imobiliare PLC

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of SIF Imobiliare PLC (the "Company") and its subsidiaries (the "Group"), which are presented in pages 9 to 37 and comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the "International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants" (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Management Report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Independent Auditor's Report (continued)

To the Members of SIF Imobiliare PLC

Responsibilities of the Board of Directors for the Consolidated Financial Statements (continued)

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Independent Auditor's Report (continued)

To the Members of SIF Imobiliare PLC

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent Auditor's Report (continued)

To the Members of SIF Imobiliare PLC

Report on Other Legal Requirements

Pursuant to the additional requirements of the Auditors Law of 2017, we report the following:

- In our opinion, the Management Report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap 113, and the information given is consistent with the consolidated financial statements.
- In our opinion, and in the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we have not identified material misstatements in the Management Report.

Independent Auditor's Report (continued)

To the Members of SIF Imobiliare PLC

Other Matter

This report, including the opinion, has been prepared for and only for the Group's members as a body in accordance with Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

Certified Public Accountant and Registered Auditor
for and on behalf of
Evoserve Auditors Limited
Certified Public Accountants and Registered Auditors

Nicosia, 3 April 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2018

	Note	**2018** €	2017 €
Revenue	7	**7,517,090**	7,851,464
Fair value gain on investment property		**6,664,217**	2,240,161
General and administration expenses	8	**(4,911,628)**	(4,635,970)
Other operating income	9	**995,137**	287,632
Other expenses	10	**(447,148)**	(38,907)
Operating profit		**9,817,668**	5,704,380
Finance income	12	**765,921**	590,886
Finance costs	12	**(547,164)**	(1,704,002)
Profit before tax		**10,036,425**	4,591,264
Tax	13	**(541,320)**	(305,411)
Net profit for the year		**9,495,105**	4,285,853
Other comprehensive income			
Other comprehensive income for the year		**7,628,043**	(356,739)
Other comprehensive income for the year		**7,628,043**	(356,739)
Total comprehensive income for the year		**17,123,148**	3,929,114
Net profit for the year attributable to:			
Equity holders of the parent		**8,413,305**	3,797,558
Non-controlling interests		**1,081,799**	488,295
		9,495,104	4,285,853
Equity holders of the parent		**15,172,256**	3,481,462
Non-controlling interests		**1,950,892**	447,652
		17,123,148	3,929,114

The notes on pages 15 to 37 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2018

	Note	**2018**	2017
		€	€
ASSETS			
Non-current assets			
Property, plant and equipment	14	**17,865,788**	19,147,174
Investment properties	15	**55,768,223**	48,068,191
Intangible assets		**24,853**	59,904
Deferred tax assets	22	**-**	144,776
		73,658,864	67,420,045
Current assets			
Inventories	16	**75,115**	98,826
Trade and other receivables	17	**4,228,215**	4,078,924
Financial assets at fair value through profit or loss	18	**2,160,611**	2,630,876
Cash and cash equivalents	19	**19,732,815**	6,690,572
		26,196,756	13,499,198
Total assets		**99,855,620**	80,919,243
EQUITY AND LIABILITIES			
Equity			
Share capital	20	**4,499,974**	4,499,974
Share premium		**31,037,928**	31,037,928
Other reserves		**5,743,630**	(4,665,893)
Retained earnings		**34,007,938**	28,127,054
		75,289,470	58,999,063
Non-controlling interests		**4,854,410**	4,021,670
Total equity		**80,143,880**	63,020,733
Non-current liabilities			
Borrowings	21	**11,218,716**	10,002,351
Deferred tax liabilities	22	**5,481,474**	5,427,064
		16,700,190	15,429,415
Current liabilities			
Trade and other payables	23	**2,431,031**	1,736,476
Borrowings	21	**580,519**	732,619
		3,011,550	2,469,095
Total liabilities		**19,711,740**	17,898,510
Total equity and liabilities		**99,855,620**	80,919,243

On 3 April 2019 the Board of Directors of SIF Imobiliare PLC authorised these consolidated financial statements for issue.

....	....
Administrare Imobilliare SA	Chrystalla Mina
Director	Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2018

	Attributable to equity holders of the Company							
	Share capital €	Share premium €	Translation reserve €	Other reserves €	Retained earnings €	Total €	Non-controlling interests €	Total €
Balance at 1 January 2017	**4,499,974**	**31,037,928**	**(631,241)**	**(5,220,851)**	**25,214,325**	**54,900,135**	**4,191,484**	**59,091,619**
Comprehensive income								
Net profit for the year	-	-	-	-	3,797,558	3,797,558	488,295	4,285,853
Other comprehensive income for the year	-	-	126,039	1,060,160	(884,829)	301,370	(658,109)	(356,739)
Balance at 31 December 2017/ 1 January 2018	**4,499,974**	**31,037,928**	**(505,202)**	**(4,160,691)**	**28,127,054**	**58,999,063**	**4,021,670**	**63,020,733**
Comprehensive income								
Net profit for the year	-	-	-	-	8,413,305	8,413,305	1,081,799	9,495,104
Other comprehensive income for the year	-	-	455	10,409,068	(2,532,421)	7,877,102	(249,059)	7,628,043
Balance at 31 December 2018	**4,499,974**	**31,037,928**	**(504,747)**	**6,248,377**	**34,007,938**	**75,289,470**	**4,854,410**	**80,143,880**

The notes on pages 15 to 37 form an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 December 2018

	Note	**2018**	2017
		€	€
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**10,036,425**	4,591,264
Adjustments for:			
Depreciation of property, plant and equipment	14	**189,830**	335,168
Exchange difference		**427,206**	1,113,278
Profit from the sale of property, plant and equipment		**-**	(964)
(Profit)/loss from the sale of investment properties		**(995,137)**	38,907
Fair value losses/(gains) on financial assets at fair value through profit or loss	18	**447,148**	(287,632)
Fair value profit on investment property	15	**(6,664,217)**	(2,240,161)
Fair value adjustment on current assets through profit or loss		**-**	(415)
Impairment charge		**(210,052)**	(166,540)
Interest income	12	**(423,273)**	(590,886)
Interest expense	12	**547,164**	1,248,241
Other non monetary items		**(43,300)**	(8,632)
Write off of receivables		**-**	(562,469)
Provisions		**-**	9,283
		3,311,799	3,478,442
Changes in working capital:			
Decrease in inventories		**23,711**	88,520
(Increase)/decrease in trade and other receivables		**(149,291)**	2,020,571
Decrease/(increase) in financial assets at fair value through profit or loss		**470,131**	(2,620,602)
Increase in trade and other payables		**694,555**	39,453
Decrease in deferred income		**-**	(36,580)
Cash generated from operations		**4,350,905**	2,969,804
Interest received		**33,297**	29,769
Dividends received		**47,971**	-
Interest paid		**(68,239)**	(66,366)
Tax paid		**(345,402)**	(316,642)
Net cash generated from operating activities		**4,018,532**	2,616,565
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of intangible assets		**(2,492)**	(57,462)
Payment for purchase of property, plant and equipment	14	**(214,309)**	(448,334)
Proceeds from disposal of intangible assets		**-**	2,938
Payment for purchase of investment property	15	**(4,226,839)**	(455,872)
Proceeds from sale of investment property	15	**4,161,475**	-
Payment for purchase of financial assets at fair value through profit or loss financial assets		**-**	(1,713,762)
Loans granted		**-**	(604,116)
Loans repayments received		**4,266,815**	-
Proceeds from disposal of property, plant and equipment		**153,795**	15,754
Proceeds from sale of investment properties	15	**-**	282,514
Interest received		**11,068**	14,980
Net cash generated from/(used in) investing activities		**4,149,513**	(2,963,360)

CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 December 2018

	Note	**2018**	2017
		€	€
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital		**8,508,609**	409,113
Repayments of borrowings		**(5,471,092)**	(1,606,789)
Repayments of obligations under finance leases		**-**	(25,095)
Proceeds from borrowings		**2,330,145**	2,093,647
Interest paid		**(68,239)**	(10,891)
Dividends paid		**(47,971)**	(20,899)
Tranfer of balances		**-**	288,702
Bank guarantees		**(377,254)**	(386)
Net cash generated from financing activities		**4,874,198**	1,127,402
Net increase in cash and cash equivalents		**13,042,243**	780,607
Cash and cash equivalents at beginning of the year		**6,690,572**	5,909,965
Cash and cash equivalents at end of the year	19	**19,732,815**	6,690,572

1. Incorporation and principal activities

Country of incorporation

SIF Imobiliare PLC (the 'Company') and its subsidiaries (together, the 'Group') are engaged in the ownership, exploitation, management and trading of real estate property located in Romania.

The Company was incorporated in Cyprus on 18 July 2013 as a private limited liability company under the Cyprus Companies Law, Cap. 113. Its registered office is at 30 Karpenisiou Street, CY-1077 Nicosia, Cyprus.

Principal activities and nature of operations of the Group

The principal activities of the Group, which are unchanged from last year, is the ownership, exploitation, management and trading of real estate property located in Romania.

2. Basis of preparation

(a) Statement of compliance
These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap.113.

(b) Basis of measurement
The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented in these consolidated financial statements unless otherwise stated.

The consolidated financial statements have been prepared under the historical cost convention, except in the case of land, buildings and equipment, investment property, available-for-sale financial assets, and financial assets and financial liabilities at fair value through profit or loss.

(c) Use of estimates and judgments
The preparation of financial statements in accordance with IFRS requires from management the exercise of judgment, to make estimates and assumptions that influence the application of accounting principles and the related amounts of assets and liabilities, income and expenses. The estimates and underlying assumptions are based on historical experience and various other factors that are deemed to be reasonable based on knowledge available at that time. Actual results may deviate from such estimates.

The estimates and underlying assumptions are revised on a continuous basis. Revisions in accounting estimates are recognised in the period during which the estimate is revised, if the estimate affects only that period, or in the period of the revision and future periods, if the revision affects the present as well as future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the consolidated financial statements are described below:

- **Fair value of investment property**
  The fair value of investment property is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at each reporting date. The fair value of the investment property has been estimated based on the fair value of the particular investment properties held.

- **Fair value of financial assets**
  The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at each reporting date.

Basis of preparation (continued)

(d) Functional and presentation currency
The consolidated financial statements are presented in Euro (€) which is the presentation currency of the Group.

3. Adoption of new or revised standards and interpretations

As from 1 January 2018, the Group adopted all the IFRSs and International Accounting Standards (IAS), which are relevant to its operations.

The adoption of these Standards had a material effect on the consolidated financial statements as follows:
- IFRS 9 "Financial Instruments"
- IFRS 15 "Revenue from contracts with customers"

As explained below, in accordance with the transition provisions of IFRS 9 and IFRS 15, the Group has elected the simplified approach for adoption of the standards. Accordingly, IFRS 9 and IFRS 15 were adopted without restating the comparative information. The comparative information is prepared in accordance with IAS 39 and IAS 18 and IAS 11, and the impact of adoption has been recognised in the opening retained earnings.

(i) IFRS 9 "Financial instruments"

IFRS 9 "Financial instruments" replaces the provisions of IAS 39 that relate to recognition and derecognition of financial instruments and classification and measurement of financial assets and financial liabilities. IFRS 9 further introduces new principles for hedge accounting and a new forward-looking impairment model for financial assets.

The new standard requires debt financial assets to be classified into two measurement categories: those to be measured subsequently at fair value (either through other comprehensive income (FVOCI) or through profit or loss (either FVTPL or FVPL) and those to be measured at amortized cost. The determination is made at initial recognition. For debt financial assets the classification depends on the entity's business model for managing its financial instruments and the contractual cash flows characteristics of the instruments. For equity financial assets it depends on the entity's intentions and designation.

In particular, assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Lastly, assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

For investments in equity instruments that are not held for trading, the classification depends on whether the entity has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. If no such election has been made or the investments in equity instruments are held for trading they are required to be classified at fair value through profit or loss.

IFRS 9 also introduces a single impairment model applicable for debt instruments at amortised cost and fair value through other comprehensive income and removes the need for a triggering event to be necessary for recognition of impairment losses. The new impairment model under IFRS 9 requires the recognition of allowances for doubtful debts based on expected credit losses (ECL), rather than incurred credit losses as under IAS 39. The standard further introduces a simplified approach for calculating impairment on trade receivables as well as for calculating impairment on contract assets and lease receivables; which also fall within the scope of the impairment requirements of IFRS 9.

For financial liabilities, the standard retains most of the requirements of IAS 39. The main change is that, in case where the fair value option is taken for financial liabilities, the part of a fair value change due to the entity's own credit risk is recorded in other comprehensive income rather than in profit or loss, unless this creates an accounting mismatch.

With the introduction of IFRS 9 "Financial Instruments", the IASB confirmed that gains or losses that result from modification of financial liabilities that do not result in derecognition shall be recognized in profit or loss.

3. Adoption of new or revised standards and interpretations (continued)

(i) IFRS 9 "Financial instruments" (continued)

IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the "hedge ratio" to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39.

The Group has adopted IFRS 9 with a date of transition of 1 January 2018, which resulted in changes in accounting policies for recognition, classification and measurement of financial assets and liabilities and impairment of financial assets.

The Group's new accounting policies following adoption of IFRS 9 at 1 January 2018 are set out in note 4.

Impact of adoption

In accordance with the transition provisions in IFRS 9, the Group has elected the simplified transition method for adopting the new standard. Accordingly, the effect of transition to IFRS 9 was recognised as at 1 January 2018 as an adjustment to the opening retained earnings (or other components of equity, as appropriate). In accordance with the transition method elected by the Group for implementation of IFRS 9 the comparatives have not been restated but are stated based on the previous policies which comply with IAS 39. Consequently, the revised requirements of IFRS 7 "Financial Instruments: Disclosures" have only been applied to the current period. The comparative period disclosures repeat those disclosures made in the prior year.

On 1 January 2018 for debt instruments held by the Group, management has assessed which business models apply to the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI test). In addition separate assessment for equity instruments held by the Group was performed, in respect of whether they are held for trading or not. As a result of both assessments Management has classified its debt and equity instruments into the appropriate IFRS 9 categories.

As a result of the adoption of IFRS 9 the Group revised its impairment methodology for each class of assets subject to the new impairment requirements. From 1 January 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost, cash and cash equivalents and bank deposits with original maturity over 3 months and loan commitments and financial guarantees. The impairment methodology applied depends on whether there has been a significant increase in credit risk and whether the debt instruments qualify as low credit risk and whether the debt investments qualify as low credit risk.

The Group has the following types of assets that are subject to IFRS 9's new expected credit loss model: trade receivables, contract assets, financial assets at amortised cost, cash and cash equivalents, bank deposits with original maturity over 3 months, debt financial assets at FVOCI and loans commitments and financial guarantees.

The Group has adopted the simplified expected credit loss model for its trade receivables, trade receivables with significant financing component, lease receivables and contract assets, as required by IFRS 9, paragraph 5.5.15, and the general expected credit loss model for financial assets at amortised cost, cash and cash equivalents, bank deposits with original maturity over 3 months, debt financial assets at FVOCI and loan commitments and financial guarantees.

3. Adoption of new or revised standards and interpretations (continued)

(i) IFRS 9 "Financial instruments" (continued)

- *Investments in equity securities previously classified as financial assets at FVTPL:*

Equity securities - held for trading are required to be held as FVTPL under IFRS 9. As a result there was no impact on the amounts recognised in relation to the investments in equity securities held for trading that were previously classified as financial assets at FVTPL from the adoption of IFRS 9. Under IAS 39 equity securities designated as at fair value through profit or loss at inception were those that were managed and their performance was evaluated on a fair value basis, in accordance with the Group's documented investment strategy. Information about these financial assets was provided internally on a fair value basis to the Group's key management personnel. Under IFRS 9 investments in equity instruments are always measured at fair value, so as a result there was no impact from the adoption of IFRS 9 and other equity securities other than those held for trading were classified as financial assets at FVTPL.

- *Borrowings:*

Under IFRS 9 all gains or losses resulting from the modifications of borrowings that did not result in derecognition should be recognised in profit or loss. Previously under IAS 39 the Group has amortised modification impact via adjusting the effective interest rate.

- *Other financial instruments:*

For all other financial assets Management assessed that the Group's business model for managing the assets is "hold to collect" and these assets meet SPPI tests. As a result all other financial assets were classified as financial assets at amortised cost and reclassified from the category "loans and receivables" under IAS 39, which was "retired". Previously under IAS 39 these financial assets were also measured at amortised cost. Thus there were no impact of adoption of IFRS 9 as of 1 January 2018.

At 31 December 2017, all of the Group's financial liabilities were carried at amortised cost. Starting from 1 January 2018 the Group's financial liabilities continued to be classified at amortised cost.

The assessment of the impact of adoption of IFRS 9 on the Group's accounting policies required management to make certain critical judgments in the process of applying the principles of the new standard. The judgments that had the most significant effect on Management's conclusion are disclosed in

(ii) IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 "Revenue from contracts with customers" and related amendments superseded IAS 18 "Revenue", IAS 11 "Construction Contracts" and related interpretations. The new standard replaces the separate models for recognition of revenue for the sale of goods, services and construction contracts under previous IFRS and establishes uniform requirements regarding the nature, amount and timing of revenue recognition. IFRS 15 introduces the core principle that revenue must be recognised in such a way to depict the transfer of goods or services to customers and reflect the consideration that the entity expects to be entitled to in exchange for transferring those goods or services to the customer; the transaction price.

The new standard provides a principle-based five-step model that must be applied to all categories of contracts with customers. Any bundled goods or services must be assessed as to whether they contain one or more performance obligations (that is, distinct promises to provide a good or service). Individual performance obligations must be recognised and accounted for separately and any discounts or rebates in the contract price must generally be allocated to each of them.

3. Adoption of new or revised standards and interpretations (continued)

(ii) IFRS 15 "Revenue from Contracts with Customers" (continued)

The amendments to IFRS 15 clarify how to identify a performance obligation in a contract, how to determine whether a Group is a principal (that is, the provider of a good or service) or an agent (responsible for arranging for the good or service to be provided) and how to determine whether the revenue from granting a license should be recognised at a point in time or over time. In addition to the clarifications, the amendments include two additional reliefs to reduce cost and complexity for a Group when it first applies the new standard.

The Group's new accounting policies following adoption of IFRS 15 at 1 January 2018 are set out below in note 4.

Impact of adoption

In accordance with the transition provisions of IFRS 15, the Group has elected the simplified transition method for adopting the new standard. Accordingly, the cumulative effect of transition to IFRS 15 was recognized as at 1 January 2018 as an adjustment to opening retained earnings directly in equity.

The Group has applied IFRS 15 retrospectively only to contracts that are not completed contracts at the date of initial application and adopted the practical expedient not to retrospectively restate contracts for which contract modifications occurred before the date of initial application. In accordance with the transition method elected by the Group for implementation of IFRS 15 the comparatives have not been restated but are stated based on the previous policies which comply with IAS 18 and IAS 11 and related interpretations.

4. Significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. Apart from the accounting policy changes resulting from the adoption of IFRS 9 and IFRS 15 effective from 1 January 2018, these policies have been consistently applied to all the years presented, unless otherwise stated. The principal accounting policies in respect of financial instruments and revenue recognition applied till 31 December 2017 are presented in note 27.

Basis of consolidation
The Group consolidated financial statements comprise the financial statements of the parent company SIF Imobiliare Plc and the financial statements of the following subsidiaries:

1 COMALIM SA
2 SIFI BH EST SA
3 SIFI CLUJ RETAIL SA
4 SIFI CJ LOGISTIC SA
5 SIFI CJ AGRO SA
6 SIFI CJ STORAGE SA
7 UNITEH SA
8 ADMINISTRARE IMOBILIARE SA
9 SIFI BH IND VEST SA
10 BISTRITA CLUJ SA
11 SIFI CJ OFFICE SA
12 CORA SA
13 SIFI BAIA MARE SA
14 SIFI SIGHET SA
15 SIFI TM AGRO SA
16 SIFI B ONE SA
17 SIFI BH RETAIL SA
18 SIFI PROPERTIES SA

Subsidiaries are entities controlled by the Group. Control exists where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

4. Significant accounting policies (continued)

Acquisition of entities under common control
Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as an acquisition at the date when the business combination has occurred. The assets and liabilities are recognised at the carrying amounts recognised previously in the Group controlling shareholder's financial statements. The difference between the carrying values of the Group's share of the identifiable net assets and the consideration paid is recorded, in equity as a reserve on acquisition from entities under common control.

Changes in the Group's ownership interests in existing subsidiaries
Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group looses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

The financial statements of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date that control commences until the date control ceases. Intra-group balances, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing consolidated financial statements.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Revenue recognition
Revenues earned by the Group are recognised on the following bases:

- **Rental income**
  Rental income is recognised on an accruals basis in accordance with the substance of the relevant agreements.

- **Rendering of services**
  Sales of services are recognised in the accounting period in which the services are rendered by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

- **Sale of products**
  Sales of goods are recognised when significant risks and rewards of ownership of the goods have been transferred to the customer, which is usually when the Company has sold or delivered goods to the customer, the customer has accepted the goods and collectability of the related receivable is reasonably assured.

Finance income
Finance income includes interest income which is recognised based on an accrual basis.

4. Significant accounting policies (continued)

Finance expenses

Interest expense and other borrowing costs are recognised to profit or loss using the effective interest method.

Foreign currency translation

- **Functional and presentation currency**

  Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Euro (€), which is the Company's functional and presentation currency.

  Items included in the subsidiaries financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Romanian Lei (LEI), which is the subsidiaries' functional and presentation currency. The financial statements of the subsidiary companies have been translated in Euro (€), for consolidation purposes.

  The financial statements of the Group are presented in Euro (€), which is the Group's presentation currency.

- **Transactions and balances**

  Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

  The assets and liabilities of the Company's foreign operations (including comparatives) are expressed in Euro using exchange rates prevailing on the reporting date. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Company's translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed off.

Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Tax liabilities and assets for the current and prior periods are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date. Current tax includes any adjustments to tax payable in respect of previous periods.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Currently enacted tax rates are used in the determination of deferred tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

4. Significant accounting policies (continued)

Property, plant and equipment
Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.
Land and buildings are carried at fair value, based on valuations by external independent valuers, less subsequent depreciation for buildings. Revaluations are carried out with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. All other property, plant and equipment are stated at historical cost less depreciation.

Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to other comprehensive income. Decreases that offset previous increases of the same asset are charged against that reserve; all other decreases are charged to profit or loss. Each year the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to profit or loss) and depreciation based on the asset's original cost is transferred from fair value reserves to retained earnings.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised in profit or loss on the straight-line method over the useful lives of each part of an item of property, plant and equipment. The annual depreciation rates used for the current and comparative periods are as follows:

	%
Plant and machinery	5 - 33.33
Buildings	2 - 5
Furniture, fixtures and office equipment	10
Tangible assets	6.67 - 33.33

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

Where the carrying amount of an asset is greater than its estimated recoverable amount, the asset is written down immediately to its recoverable amount.

Expenditure for repairs and maintenance of property, plant and equipment is charged to profit or loss of the year in which it is incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties
Investment property, which is property held to earn rentals and/or for capital appreciation, is stated at its fair value at the reporting date. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the continued use of the asset. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

4. Significant accounting policies (continued)

Intangible assets
Costs that are directly associated with identifiable and unique computer software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets. Subsequently computer software is carried at cost less any accumulated amortisation and any accumulated impairment losses. Expenditure which enhances or extends the performance of computer software programs beyond their original specifications is recognised as a capital improvement and added to the original cost of the computer software. Costs associated with maintenance of computer software programs are recognised as an expense when incurred. Computer software costs are amortised using the straight-line method over their useful lives, not exceeding a period of three years. Amortisation commences when the computer software is available for use and is included within administrative expenses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Financial assets - Classification

From 1 January 2018, the Group classifies its financial assets in the following measurement categories:
- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification and subsequent measurement of debt financial assets depends on: (i) the Group's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset. On initial recognition, the Group may irrevocably designate a debt financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

For investments in equity instruments that are not held for trading, classification will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). This election is made on an investment-by-investment basis.

All other financial assets are classified as measured at FVTPL.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

Financial assets - Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

4. Significant accounting policies (continued)

Financial assets - Measurement (continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in ‘other income'. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of profit or loss and other comprehensive income. Financial assets measured at amortised cost (AC) comprise: cash and cash equivalents, bank deposits with original maturity over 3 months, trade receivables and financial assets at amortised cost.

FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in "other income". Foreign exchange gains and losses are presented in "other gains/(losses)" and impairment expenses are presented as separate line item in the consolidated statement of profit or loss and other comprehensive income.

FVTPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within "other gains/(losses)" in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment, any related balance within the FVOCI reserve is reclassified to retained earnings. The Group's policy is to designate equity investments as FVOCI when those investments are held for strategic purposes other than solely to generate investment returns. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in "other gains/(losses)" in the consolidated statement of profit or loss and other comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Financial assets -Reclassification

Financial instruments are reclassified only when the business model for managing those assets changes. The reclassification has a prospective effect and takes place from the start of the first reporting period following the change.

4. Significant accounting policies (continued)

Financial assets - write-off

Financial assets are written-off, in whole or in part, when the Group exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Group may write-off financial assets that are still subject to enforcement activity when the Group seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

Financial assets - modification

The Group sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Group assesses whether the modification of contractual cash flows is substantial considering, among other, the following factors: any new contractual terms that substantially affect the risk profile of the asset (eg profit share or equity-based return), significant change in interest rate, change in the currency denomination, new collateral or credit enhancement that significantly affects the credit risk associated with the asset or a significant extension of a loan when the borrower is not in financial difficulties.

If the modified terms are substantially different, the rights to cash flows from the original asset expire and the Group derecognises the original financial asset and recognises a new asset at its fair value. The date of renegotiation is considered to be the date of initial recognition for subsequent impairment calculation purposes, including determining whether a SICR has occurred. The Group also assesses whether the new loan or debt instrument meets the SPPI criterion. Any difference between the carrying amount of the original asset derecognised and fair value of the new substantially modified asset is recognised in profit or loss, unless the substance of the difference is attributed to a capital transaction with owners.

Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash at bank.Cash and cash equivalents are carried at AC because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

Borrowings

Borrowings are recorded initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Trade payables

Trade payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units)

4. Significant accounting policies (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. The cost is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less the costs to completion and selling expenses.

Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Trade receivables are also subject to the impairment requirements of IFRS 9.The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. See Note 6 Credit risk section.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 180 days past due.

Share capital

Ordinary shares are classified as equity. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account.

Non-current liabilities

Non-current liabilities represent amounts that are due more than twelve months from the reporting date.

5. New accounting pronouncements

At the date of approval of these consolidated financial statements, standards and interpretations were issued by the International Accounting Standards Board which were not yet effective. Some of them were adopted by the European Union and others not yet. The Board of Directors expects that the adoption of these accounting standards in future periods will not have a material effect on the consolidated financial statements of the Group.

6. Financial risk management

Financial risk factors
The Group is exposed to interest rate risk, credit risk, liquidity risk and currency risk arising from the financial instruments it holds. The risk management policies employed by the Group to manage these risks are discussed below:

6.1 Interest rate risk
Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Group's income and operating cash flows are substantially independent of changes in market interest rates as the Group has no significant interest-bearing assets. The Group is exposed to interest rate risk in relation to its non-current borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Company's Management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

6.2 Credit risk
Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVTPL), favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and contract assets.

6.3 Liquidity risk
Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Group has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

The following tables detail the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

31 December 2018	Carrying amounts
	€
Bank loans	11,799,235
Trade and other payables	2,431,031
	14,230,266

31 December 2017	Carrying amounts
	€
Bank loans	10,734,970
Trade and other payables	1,736,476
	12,471,446

6.4 Currency risk
Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Group's measurement currency. The Group's Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

7. Revenue

	2018	2017
	€	€
Rental income	**6,064,670**	5,520,702
Other operational revenue	**1,452,420**	2,330,762
	7,517,090	7,851,464

8. General and administration expenses

	2018	2017
	€	€
Raw materials and consumables used	**785,121**	804,372
Staff costs (Note 11)	**1,787,861**	1,769,231
Water supply and cleaning	**199,045**	195,885
Taxes and penalties	**447,236**	393,540
Other expenses	**12,873**	29,222
Professional and other related expenses	**655,297**	641,011
Impairment of assets	**556,082**	220,425
Travelling and entertainment expenses	**39,994**	52,185
Auditor's remuneration	**17,850**	17,850
Rent payable	**98,362**	79,073
Repairs and maintenance	**74,936**	71,549
Letting costs	**47,141**	26,459
Depreciation	**189,830**	335,168
	4,911,628	4,635,970

9. Other operating income

	2018	2017
	€	€
Profit from sales of investment properties	**995,137**	-
Fair value gains on financial assets at fair value through profit or loss	**-**	287,632
	995,137	287,632

10. Other expenses

	2018	2017
	€	€
Loss from sales of investment properties	**-**	38,907
Fair value losses on financial assets at fair value through profit or loss	**447,148**	-
	447,148	38,907

11. Staff costs

	2018	2017
	€	€
Salaries	**1,696,744**	1,401,423
Social security costs	**91,117**	367,808
	1,787,861	1,769,231
Average number of employees	**169**	121

12. Finance income/(costs)

	2018	2017
	€	€
Interest income	**423,273**	590,886
Exchange profit	**342,648**	-
Finance income	**765,921**	590,886
Net foreign exchange losses	**-**	(455,761)
Interest expense	**(547,164)**	(1,248,241)
Finance costs	**(547,164)**	(1,704,002)
Net finance income/(cost)	**218,757**	(1,113,116)

13. Tax

	2018	2017
	€	€
Corporation tax	**541,320**	305,411

The applicable tax rate in Cyprus is 12.5% and in Romania is 16%.

14. Property, plant and equipment

	Land and buildings	Plant and machinery	Furniture, fixtures and office equipment	Tangible assets	Total
	€	€	€	€	€
Cost					
Balance at 1 January 2017	2,960,699	1,758,983	188,224	480,891	5,388,797
Additions	-	487,067	8,296	634,787	1,130,150
Disposals	-	(356,338)	(520)	-	(356,858)
Exchange differences	(10,312)	50,408	(4,002)	-	36,094
Adjustment on revaluation	(55,523)	(4,704)	-	(183,229)	(243,456)
Reclassification (to)/ from investment property	18,218,744	-	-	(371,204)	17,847,540
Transfers between property, plant and equipment	-	37,401	776	(38,177)	-
Inflation adjustment	5,172	-	-	-	5,172
Transfer to provisions	-	-	-	(19,285)	(19,285)
Balance at 31 December 2017/ 1 January 2018	**21,118,780**	**1,972,817**	**192,774**	**503,783**	**23,788,154**
Additions	-	99,090	14,176	281,984	395,250
Disposals	(86,170)	(66,849)	(776)	-	(153,795)
Exchange differences	(1,115,522)	12,345	5	(3,863)	(1,107,035)
Adjustment on revaluation	(180,448)	-	-	(493)	(180,941)
Reclassification (to)/ from investment property	(13,165)	-	-	(144,050)	(157,215)
Transfers between property, plant and equipment	-	959	-	(959)	-
Balance at 31 December 2018	**19,723,475**	**2,018,362**	**206,179**	**636,402**	**22,584,418**
Depreciation					
Balance at 1 January 2017	(2,856,622)	(1,489,861)	(111,557)	(398,960)	(4,857,000)
Charge for the year	(246,227)	(77,419)	(11,522)	-	(335,168)
On disposals	284,679	264,253	2,256	-	551,188
Balance at 31 December 2017/ 1 January 2018	**(2,818,170)**	**(1,303,027)**	**(120,823)**	**(398,960)**	**(4,640,980)**
Charge for the year	(38,816)	(133,046)	(17,968)	-	(189,830)
On disposals	2,975	51,625	776	-	55,376
Impairment charge	-	56,804	-	-	56,804
Balance at 31 December 2018	**(2,854,011)**	**(1,327,644)**	**(138,015)**	**(398,960)**	**(4,718,630)**
Net book amount					
Balance at 31 December 2018	**16,869,464**	**690,718**	**68,164**	**237,442**	**17,865,788**
Balance at 31 December 2017	**18,300,610**	**669,790**	**71,951**	**104,823**	**19,147,174**

15. Investment properties

	2018	2017
	€	€
Balance at 1 January	**48,068,191**	62,243,924
Additions	**4,226,839**	1,241,955
Disposals	**(4,161,473)**	(134,515)
Reversal/Corrections of reclassification 2017	**866,720**	-
Transfer from/(to) property, plant and equipment	**157,216**	(17,847,540)
Exchange differences	**(53,487)**	(1,699,233)
Fair value adjustment	**6,664,217**	2,240,161
Reclassification from non-current assets held for sale	**-**	2,023,439
Balance at 31 December	**55,768,223**	48,068,191

16. Inventories

	2018	2017
	€	€
Raw materials	**55,882**	64,467
Finished products	**19,178**	34,304
Goods for resale	**55**	55
	75,115	98,826

Inventories are stated at cost.

17. Trade and other receivables

	2018	2017
	€	€
Trade receivables	**1,089,791**	1,354,507
Refundable taxes	**76,199**	33,684
Deferred expenses	**15,257**	43,965
Other receivables	**3,046,968**	2,646,768
	4,228,215	4,078,924

The fair values of trade and other receivables due within one year approximate to their carrying amounts as presented above.

The exposure of the Group to credit risk and impairment losses in relation to trade and other receivables is reported in note 6 of the consolidated financial statements.

18. Financial assets at fair value through profit or loss

	2018	2017
	€	€
Balance at 1 January	**2,630,876**	10,274
Additions	**83,139**	2,328,522
Disposals	**(104,093)**	-
Change in fair value	**(447,148)**	287,632
Exchange differences	**(2,163)**	4,448
Balance at 31 December	**2,160,611**	2,630,876

19. Cash and cash equivalents

Cash balances are analysed as follows:

	2018	2017
	€	€
Cash at bank and in hand	**17,883,488**	4,515,830
Bank deposits	**1,849,327**	2,174,742
	19,732,815	6,690,572

The exposure of the Group to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 6 of the consolidated financial statements.

20. Share capital

	2018 Number of shares	2018 €	2017 Number of shares	2017 €
Authorised				
Ordinary shares of €1 each	**4,499,974**	**4,499,974**	4,499,974	4,499,974
		€		€
Issued and fully paid				
Balance at 1 January	**4,499,974**	**4,499,974**	4,090,861	4,090,861
Issue of shares	**-**	**-**	409,113	409,113
Balance at 31 December	**4,499,974**	**4,499,974**	4,499,974	4,499,974

21. Borrowings

	2018	2017
	€	€
Current borrowings		
Bank loans	**580,519**	732,619
Non-current borrowings		
Bank loans	**11,218,716**	10,002,351
Total	**11,799,235**	10,734,970

22. Deferred tax

Deferred tax is calculated in full on all temporary differences under the liability method using the applicable tax rates (Note 13).

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

The movement on the deferred taxation account is as follows:

Deferred tax liability

	Temporary tax differences €
Balance at 1 January 2017	5,661,635
Charged/ (credited)	(234,571)
Balance at 31 December 2017/ 1 January 2018	**5,427,064**
Charged/ (credited)	54,410
Balance at 31 December 2018	**5,481,474**

Deferred tax assets

	Temporary tax differences €
Balance at 1 January 2017	36,742
Charged/ (credited)	108,034
Balance at 31 December 2017/ 1 January 2018	**144,776**
Charged/ (credited)	(144,776)
Balance at 31 December 2018	**-**

23. Trade and other payables

	2018 €	2017 €
Trade payables	**373,568**	409,351
Social insurance and other taxes	**214,033**	249,759
Taxes payable	**230,142**	145,569
Accruals	**91,439**	57,340
Other creditors	**907,809**	439,467
Deferred income	**614,040**	434,990
	2,431,031	1,736,476

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

24. Related party transactions

The Company is controlled by SIF Banat- Crisana S.A., incorporated in Romania, which owns 99.99% of the issued share capital of SIF Imobiliare PLC.

24. Related party transactions (continued)

The following transactions were carried out with related parties:

	2018	2017
	€	€
Biofarm SA Bucuresti	**27,918**	28,440
Vrancart SA	**14,677**	14,952
Industrial Energy SRL	**11,866**	12,088
Pont Automall	**144,460**	130,735
Pont Agrinvest	**251,182**	200,485
	450,103	386,700

	2018	2017
	€	€
SIF Banat-Crisana SA	**8,066**	8,073

25. Contingent liabilities

The Group had no contingent liabilities as at 31 December 2018.

26. Commitments

The Group had no capital or other commitments as at 31 December 2018.

27. Accounting policies up to 31 December 2017

Accounting policies applicable to the comparative period ended 31 December 2017 that were amended by IFRS 9 and IFRS 15, are as follows.

Revenue recognition

Revenues earned by the Group are recognised on the following bases:

- **Sale of products**

  Sales of products are recognised when significant risks and rewards of ownership of the products have been transferred to the customer, which is usually when the Group has sold or delivered the products to the customer, the customer has accepted the products and collectability of the related receivable is reasonably assured.

- **Rendering of services**

  Sales of services are recognised in the accounting period in which the services are rendered by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

27. Accounting policies up to 31 December 2017 (continued)

Financial instruments (continued)

Trade receivables

Trade receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Loans granted

Loans originated by the Group by providing money directly to the borrower are categorised as loans and are carried at amortised cost. The amortised cost is the amount at which the loan granted is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility. All loans are recognised when cash is advanced to the borrower.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

Financial assets

(1) Classification

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss and available for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

- Financial assets at fair value through profit or loss

  This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performance is evaluated on a fair value basis, in accordance with the Group's documented investment strategy. Information about these financial assets is provided internally on a fair value basis to the Group's key management personnel. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within twelve months from the reporting date.

- Available-for-sale financial assets

  Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets, unless Management intends to dispose of the investment within twelve months of the reporting date.

27. Accounting policies up to 31 December 2017 (continued)

Financial instruments (continued)

Financial assets (continued)

(2) Recognition and measurement

Regular way purchases and sales of financial assets are recognised on trade-date which is the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in profit or loss in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the profit or loss when the Group's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis, making maximum use of market inputs and relying as little as possible on entity specific inputs. Equity investments for which fair values cannot be measured reliably are recognised at cost less impairment.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in profit or loss, while translation differences on non-monetary securities are recognised in other comprehensive income. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in other comprehensive income are included in profit or loss as gains and losses on available-for-sale financial assets.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the profit or loss. Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale securities the cumulative loss which is measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, is removed from equity and recognised in profit or loss.

For financial assets measured at amortised cost, if in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

27. Accounting policies up to 31 December 2017 (continued)

Financial instruments (continued)

Financial assets (continued)

In respect of available-for-sale equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of available-for-sale debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

28. Events after the reporting period

On 13 February 2019 SIF Imobiliare PLC signed the documents of the transaction for the disposal of all 18.000 shares held in TM Agro SA, representing the 50% of its share capital, together with the receivables against TM Agro SA, for the price of EUR15,603,026.01, transaction to be completed subject to the fulfillment of several conditions precedent within 90 days.

On March 6, 2019 SIF Imobiliare PLC cashed 9,603,026.01 as part of the transaction.

There were no other material events after the reporting period, which have a bearing on the understanding of the consolidated financial statements.

Independent auditor's report on pages 4 to 8